

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company to Adjust)	Case No. 14-1329-EL-RDR
The Economic Development Cost)	
Recovery Rider Rate)	

APPLICATION

1. Ohio Power Company (“Company” or “AEP Ohio”) is an electric light company, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.
2. In the Company’s Electric Security Plan proceeding (Case Nos. 11-346-EL-SSO and 11-348-EL-SSO), the Commission authorized an Economic Development Cost Recovery Rider (EDR). The EDR is a rate that is determined by multiplying a percentage by the customers’ distribution charges. The EDR is to be adjusted periodically to recover economic development amounts authorized by the Commission.
3. By this application the Company proposes to update its EDR rate approved in AEP Ohio’s most recent EDR update case (Case No. 14-193-EL-RDR) based on unrecovered costs resulting from the delta revenues (plus associated carrying costs) under the reasonable arrangements (contracts) with Ormet Primary Aluminum Corp. (Ormet), Case No. 09-119-EL-AEC; with Eramet Marietta, Inc. (Eramet), Case No. 09-516-EL-AEC; with Globe Metallurgical, Inc. (Globe), Case No. 13-1170-EL-AEC, and with The Timken Company (Timken), Case No. 10-3066-EL-AEC.

4. The detailed calculations and supporting data are reflected in the Schedules attached to the application. Schedule 1 is a summary sheet showing each component of the proposed EDR rates and is supported by calculations found in the remaining schedules. Schedule 2 shows the carrying charge calculations and reflects only the Ormet deferrals previously authorized by the Commission for recovery through the EDR Finding and Order in Case No. 14-193-EL-RDR. Schedules 3, 4, and 5 show the specific delta revenue calculations for the Eramet, Globe, and Timken contracts, respectively. Schedules 6 and 7 show the typical bill impacts of the change in the EDR rate for Columbus Southern Power and Ohio Power rate zones, respectively. Some of the information is redacted and a separate motion for a protective order is being filed.
5. Based on the estimated cost under-recoveries as evidenced by the projected 2014 delta revenues, as well as on the actual and projected delta revenues associated with the Eramet, Globe, and Timken contracts, and the approved Ormet deferrals, the Company proposes that the EDR rate, to be applied to customers' distribution charges, should be set at 11.44664%, effective with the first billing cycle of October 2014.¹ (See Schedule 1). The EDR rate prior to the first billing cycle of October 2014 will remain at 10.89905%.

¹ To be clear, all of the percentages discussed herein apply to only the distribution portion of the bill, not the entire bill.

6. The Company continues to utilize the levelized rate approach approved by the Commission in the prior EDR cases, including the accrual of a carrying cost at the weighted average cost of long-term debt on the under-recovery caused by the levelized EDR rate. In addition, if during any EDR rate period the Company determines either that the EDR collections are or will be substantially different than anticipated or the unrecovered costs based on delta revenues are or will be substantially different than anticipated (both of which typically would be related to significant changes to customers' load), it will file an application to modify its EDR rate for the remainder of that period in order to avoid unduly substantial over-and under-recovery deferrals. The Company will also continue its over/under accounting to track the delta revenues and the EDR collections in order to reconcile any difference through subsequent EDR rate adjustments.
7. Consistent with the March 26, 2014 Finding and Order in Case No. 14-193-El-RDR (at paragraph 24), the Company has modified the treatment of carrying charges to collect the cumulative carrying cost charge balance each month, while the remaining revenue is applied to the regulatory asset.
8. Consistent with OAC 4901:1-38-08 and the Commission's decision in the prior EDR cases, the Company intends to continue making semiannual adjustments to its EDR rate, to be effective with the first billing cycle of April and of October in each year. The Company believes that its proposed EDR rate is just and reasonable and, therefore, no hearing is needed. A hearing would result in needless delay in beginning the recovery of the delta revenues

and associated carrying costs identified above, thereby resulting in increased carrying costs to the Company's customers.

9. The Company requests that at the conclusion of the 20-day comment period prescribed by OAC 4901:1-38-08(C), the Commission approve this application for implementation by the start of the first billing cycle of October 2014. If the Commission is unable to conclude this proceeding in time for the EDR rates to be effective with the first billing cycle of October 2014, the Company requests interim authorization to begin collection based on the proposed EDR rate at the start of the first billing cycle of October 2014, with the understanding that the EDR recovery would be trued-up to the Commission's final order in this matter. Permitting such interim collection will avoid the impact of collecting the unrecovered costs over a shorter period of time.

WHEREFORE, the Company requests that the Commission approve this Application.

Respectfully submitted,

/s/ Steven T. Nourse

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Ohio Power Company
August 2014 Economic Development Cost Recovery Rider True-Up

	<u>Description</u>		<u>Source</u>
1	Delta Revenue January - June 2014 Estimate	\$ 50,799,425	Case No. 14-193-EL-RDR Revised Schedule 2.1A Lines 1 through 4 (January - June)
2	Delta Revenue January- June 2014 Actual	\$ 53,915,487	Schedule 2 Line 5 (January - June)
3	Total Adjusted Delta Revenue January- June 2014	\$ 3,116,062	Line 2 minus Line 1
4	Estimated Carrying Costs January - June 2014	\$ 2,660,748	Case No. 14-193-EL-RDR Schedule 2.1A Line 10 (January - June)
5	Actual Carrying Costs January~June 2014	\$ 2,296,396	Schedule 2 Line 10 (January - June)
6	Total Adjusted Carrying Costs January - June 2014	\$ (364,352)	Line 5 minus Line 4
7	Estimated Rider Collections January - June 2014	\$ 33,869,615	Case No. 14-193-EL-RDR Schedule 2.1A Line 6 (January - June)
8	Actual Rider Collections January - June 2014	\$ 33,145,574	Schedule 2 Line 6 (January - June)
9	Total Adjusted Rider Collections January - June 2014	\$ (724,041)	Line 8 minus Line 7
10	Total Adjusted Delta Revenue With Carrying Costs	\$ 3,475,751	Line 3 plus Line 6 minus Line 9
11	Annual Base Distribution Revenue	\$ 634,739,822	Actual 2013 Base Distribution Revenue
12	Economic Development Cost Recovery Rider Adjustment	0.54759%	Line 10 divided by Line 11
13	Current Economic Development Cost Recovery Rider	10.89905%	Case No. 14-193-EL-RDR Schedule 1A Line 6
14	Adjusted Economic Development Cost Recovery Rider	11.44664%	Line 12 plus Line 13

Ohio Power Company
August 2014 Economic Development Cost Recovery Rider True-Up
Calculation of Cumulative Carrying Costs

	Actual		Estimate											
	2013	2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1 Eramet Delta Revenue														
2 Globe Delta Revenue														
3 Timken Delta Revenue														
4 Ormet Delta Revenue														
5 Total Delta Revenue			\$0	\$0	\$37,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Plus Monthly Carrying Charge														
7 Less: Rider Collections of EDR Revenues			5,779,841	5,709,086	5,383,751	5,345,958	5,069,673	5,857,263	6,568,877	6,325,830	6,277,505	5,223,613	5,120,321	5,794,963
8 Net (Over)/ Under Collection														
9 Cumulative Net (Over)/ Under Collection														
10 Monthly Carrying Charge Rate (WAC of LTD)			0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%	0.4450%
11 Monthly Carrying Charge														
12 Reversal of Ormet Deferral/ Approved Accounting Charge														
13 Carrying Charge Balance					\$1,960,380		(\$5,003,702)	(\$117,454)	(\$106,166)	(\$88,660)	(\$71,899)	(\$55,601)	(\$43,430)	(\$31,006)

Line 1 6 Months Actual & 6 Months Estimated Eramet Delta Revenue

Line 2 6 Months Actual & 6 Months Estimated Globe Delta Revenue

Line 3 6 Months Actual & 6 Months Estimated Timken Delta Revenue

Line 4 Ormet Delta Revenue

Line 5 Sum of Lines 1 through 4

Line 6 Monthly Carrying Costs from line 10 (May-Dec reflects accounting change approved in F&O in Case No. 14-193-EL-RDR, paragraph 23)

Line 7 6 Months Actual & 6 Months Estimated Economic Development Rider Collections

Line 8 Line 5 plus line 6 plus line 7

Line 9 Line 8 plus line 9 (previous month) - (May reflects accounting change approved in F&O in Case No. 14-193-EL-RDR, paragraph 23)

Line 10 Combined Weighted Average Cost of Long Term Debt per Stipulation and Recommendation in Case Nos. 11-351-EL-AIR and 11-352-EL-AIR (Page 9 - 5.34%/12)

Line 11 Line 8 (prior month) times Line 9

Line 12 March 20, 2014 F&O in Case No. 14-193-EL-RDR (paragraph 24) Modified treatment of carrying costs May - December

Line 13 Line 11 plus line 12 plus line 13 (previous month)

Ohio Power Company
Eramet Economic Development Revenue for 2014

2014													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Estimate	Oct	Nov	Dec
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													

Line 1 6 Months Actual & 6 Months Estimated Eramet u
 Line 2 6 Months Actual & 6 Months Estimated Eramet u
 Line 3 Line 1 plus Line 2
 Line 4 6 Months Actual & 6 Months Estimated Eramet b
 Line 5 Line 4 divided by Line 3
 Line 6 Estimate 6 Months Actual & 6 Months Estimated
 Line 7 6 Months Actual & 6 Months Estimated Eramet b
 Line 9 Line 4 minus Line 8
 Line 10 Line 9 plus previous month Line 10

Ohio Power Company
Timken Economic Development Revenue for 2014

		2014													
		Actual						Estimate							
		January	February	March	April	May	June	July	August	September	October	November	December		
1	Timken SSO Monthly Bill														
2															
3	Total														
4	Timken Discount Monthly Bill														
5															
6	Total														
7	Delta Revenue														
8															
9	Total														
10	Cumulative Total (\$50M max.)														

Line 3 Line 1 plus Line 2	
Line 4 Ordered discount	
Line 5 Ordered discount	
Line 6 Line 4 plus Line 5	
Line 9 Line 7 plus Line 8	
Line 10 Line 9 plus Line 10 (previous month)	

Ohio Power Company
Typical Bill Comparison
2014 EDR Application filed August 1, 2014
Columbus Southern Power Rate Zone

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Difference</u>	<u>Difference</u>
<u>Residential</u>						
RR1 Annual	100		\$23.09	\$23.13	\$0.04	0.2%
	250		\$43.88	\$43.94	\$0.06	0.1%
	500		\$78.51	\$78.61	\$0.10	0.1%
RR Annual	750		\$120.58	\$120.72	\$0.14	0.1%
	1,000		\$149.57	\$149.74	\$0.17	0.1%
	1,500		\$203.53	\$203.74	\$0.21	0.1%
	2,000		\$257.50	\$257.75	\$0.25	0.1%
GS-1						
	375	3	\$77.09	\$77.15	\$0.06	0.1%
	1,000	3	\$170.97	\$171.09	\$0.12	0.1%
	750	6	\$133.43	\$133.53	\$0.10	0.1%
	2,000	6	\$290.74	\$290.94	\$0.20	0.1%
GS-2 Secondary						
	1,500	12	\$282.17	\$282.48	\$0.31	0.1%
	4,000	12	\$550.98	\$551.29	\$0.31	0.1%
	6,000	30	\$909.62	\$910.33	\$0.71	0.1%
	10,000	30	\$1,339.36	\$1,340.07	\$0.71	0.1%
	10,000	40	\$1,419.25	\$1,420.18	\$0.93	0.1%
	14,000	40	\$1,848.98	\$1,849.91	\$0.93	0.1%
	12,500	50	\$1,767.73	\$1,768.89	\$1.16	0.1%
	18,000	50	\$2,356.92	\$2,358.08	\$1.16	0.1%
	15,000	75	\$2,236.02	\$2,237.73	\$1.71	0.1%
	30,000	150	\$4,438.23	\$4,441.59	\$3.36	0.1%
	60,000	300	\$8,842.70	\$8,849.38	\$6.68	0.1%
	100,000	500	\$14,715.30	\$14,726.40	\$11.10	0.1%
GS-2 Primary						
	100,000	1,000	\$17,300.95	\$17,319.01	\$18.06	0.1%
GS-3 Secondary						
	30,000	75	\$3,374.31	\$3,376.02	\$1.71	0.1%
	50,000	75	\$4,646.41	\$4,648.12	\$1.71	0.0%
	30,000	100	\$3,851.78	\$3,854.04	\$2.26	0.1%
	36,000	100	\$4,233.40	\$4,235.66	\$2.26	0.1%
	60,000	150	\$6,714.84	\$6,718.20	\$3.36	0.1%

Ohio Power Company
Typical Bill Comparison
2014 EDR Application filed August 1, 2014
Columbus Southern Power Rate Zone

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$</u> <u>Difference</u>	<u>Difference</u>
	100,000	150	\$9,259.03	\$9,262.39	\$3.36	0.0%
	90,000	300	\$11,487.79	\$11,494.47	\$6.68	0.1%
	120,000	300	\$13,395.92	\$13,402.60	\$6.68	0.1%
	150,000	300	\$15,304.06	\$15,310.74	\$6.68	0.0%
	200,000	300	\$18,484.26	\$18,490.94	\$6.68	0.0%
	150,000	500	\$19,123.79	\$19,134.89	\$11.10	0.1%
	180,000	500	\$21,031.91	\$21,043.01	\$11.10	0.1%
	200,000	500	\$22,303.99	\$22,315.09	\$11.10	0.1%
	325,000	500	\$30,254.54	\$30,265.64	\$11.10	0.0%
GS-3 Primary						
	300,000	1,000	\$36,153.65	\$36,171.71	\$18.06	0.1%
	360,000	1,000	\$39,860.57	\$39,878.63	\$18.06	0.1%
	400,000	1,000	\$42,331.84	\$42,349.90	\$18.06	0.0%
	650,000	1,000	\$57,777.35	\$57,795.41	\$18.06	0.0%
GS-4						
	1,500,000	5,000	\$139,653.90	\$139,659.70	\$5.80	0.0%
	2,500,000	5,000	\$193,453.01	\$193,458.81	\$5.80	0.0%
	3,250,000	5,000	\$233,802.35	\$233,808.15	\$5.80	0.0%
	3,000,000	10,000	\$257,234.06	\$257,239.86	\$5.80	0.0%
	5,000,000	10,000	\$364,832.28	\$364,838.08	\$5.80	0.0%
	6,500,000	10,000	\$445,530.95	\$445,536.75	\$5.80	0.0%
	6,000,000	20,000	\$492,394.39	\$492,400.19	\$5.80	0.0%
	10,000,000	20,000	\$707,590.83	\$707,596.63	\$5.80	0.0%
	13,000,000	20,000	\$868,988.16	\$868,993.96	\$5.80	0.0%
	15,000,000	50,000	\$1,197,875.38	\$1,197,881.18	\$5.80	0.0%
	25,000,000	50,000	\$1,735,866.48	\$1,735,872.28	\$5.80	0.0%
	32,500,000	50,000	\$2,139,359.81	\$2,139,365.61	\$5.80	0.0%

* Typical bills assume 100% Power Factor

Ohio Power Company
2014 EDR Application filed August 1, 2014
Ohio Power Rate Zone

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$</u> <u>Difference</u>	<u>Difference</u>
Residential	100		\$21.99	\$22.03	\$0.04	0.2%
	250		\$42.56	\$42.61	\$0.05	0.1%
	500		\$76.88	\$76.97	\$0.09	0.1%
	750		\$111.19	\$111.31	\$0.12	0.1%
	1,000		\$142.81	\$142.96	\$0.15	0.1%
	1,500		\$204.75	\$204.94	\$0.19	0.1%
	2,000		\$266.67	\$266.91	\$0.24	0.1%
GS-1 Secondary	375	3	\$71.55	\$71.63	\$0.08	0.1%
	1,000	3	\$140.14	\$140.23	\$0.09	0.1%
	750	6	\$112.70	\$112.79	\$0.09	0.1%
	2,000	6	\$249.83	\$249.93	\$0.10	0.0%
GS-2	1,500	12	\$282.73	\$283.13	\$0.40	0.1%
	4,000	12	\$515.75	\$516.15	\$0.40	0.1%
	6,000	30	\$849.09	\$849.89	\$0.80	0.1%
	10,000	30	\$1,221.58	\$1,222.38	\$0.80	0.1%
	10,000	40	\$1,303.29	\$1,304.33	\$1.04	0.1%
	14,000	40	\$1,675.78	\$1,676.82	\$1.04	0.1%
	12,500	50	\$1,617.81	\$1,619.08	\$1.27	0.1%
	18,000	50	\$2,128.28	\$2,129.55	\$1.27	0.1%
	15,000	75	\$2,054.92	\$2,056.75	\$1.83	0.1%
	30,000	100	\$3,647.60	\$3,650.01	\$2.41	0.1%
	36,000	100	\$4,202.96	\$4,205.37	\$2.41	0.1%
	30,000	150	\$4,056.18	\$4,059.73	\$3.55	0.1%
	60,000	300	\$8,058.76	\$8,065.72	\$6.96	0.1%
	90,000	300	\$10,835.59	\$10,842.55	\$6.96	0.1%
	100,000	500	\$13,395.51	\$13,407.03	\$11.52	0.1%
	150,000	500	\$18,023.57	\$18,035.09	\$11.52	0.1%
	180,000	500	\$20,800.37	\$20,811.89	\$11.52	0.1%

Ohio Power Company
2014 EDR Application filed August 1, 2014
Ohio Power Rate Zone

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$</u> <u>Difference</u>	<u>Difference</u>
GS-3 Secondary	18,000	50	\$2,131.98	\$2,133.25	\$1.27	0.1%
	30,000	75	\$3,364.22	\$3,366.05	\$1.83	0.1%
	50,000	75	\$4,651.17	\$4,653.00	\$1.83	0.0%
	36,000	100	\$4,210.35	\$4,212.76	\$2.41	0.1%
	30,000	150	\$4,744.41	\$4,747.96	\$3.55	0.1%
	60,000	150	\$6,674.80	\$6,678.35	\$3.55	0.1%
	100,000	150	\$9,248.68	\$9,252.23	\$3.55	0.0%
	120,000	300	\$13,296.03	\$13,302.99	\$6.96	0.1%
	150,000	300	\$15,226.44	\$15,233.40	\$6.96	0.1%
	200,000	300	\$18,443.78	\$18,450.74	\$6.96	0.0%
	180,000	500	\$20,837.35	\$20,848.87	\$11.52	0.1%
	200,000	500	\$22,124.29	\$22,135.81	\$11.52	0.1%
	325,000	500	\$30,167.64	\$30,179.16	\$11.52	0.0%
GS-2 Primary	200,000	1,000	\$25,760.93	\$25,782.04	\$21.11	0.1%
	300,000	1,000	\$34,799.90	\$34,821.01	\$21.11	0.1%
GS-3 Primary	360,000	1,000	\$40,298.99	\$40,320.10	\$21.11	0.1%
	400,000	1,000	\$42,824.76	\$42,845.87	\$21.11	0.1%
	650,000	1,000	\$58,610.87	\$58,631.98	\$21.11	0.0%
GS-2 Subtransmission						
	1,500,000	5,000	\$139,256.76	\$139,259.57	\$2.81	0.0%
GS-3 Subtransmission	2,500,000	5,000	\$202,299.98	\$202,302.79	\$2.81	0.0%
	3,250,000	5,000	\$243,494.61	\$243,497.42	\$2.81	0.0%
GS-4 Subtransmission	3,000,000	10,000	\$283,892.02	\$283,894.83	\$2.81	0.0%
	5,000,000	10,000	\$386,120.28	\$386,123.09	\$2.81	0.0%
	6,500,000	10,000	\$462,791.48	\$462,794.29	\$2.81	0.0%
	10,000,000	20,000	\$765,610.93	\$765,613.74	\$2.81	0.0%
	13,000,000	20,000	\$918,953.32	\$918,956.13	\$2.81	0.0%
GS-4 Transmission	25,000,000	50,000	\$1,894,995.13	\$1,894,997.94	\$2.81	0.0%
	32,500,000	50,000	\$2,278,054.78	\$2,278,057.59	\$2.81	0.0%

* Typical bills assume 100% Power Factor

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Case No(s). 14-1329-EL-RDR

Summary: Application of Ohio Power Company to Adjust the Economic Development Cost Recovery Rider Rate electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company